



Instances of questionable claims and fraud tend to peak during times of economic downturn. Given that fraud incidents are on the rise during the pandemic, keeping these tips and considerations in mind during **Fraud Prevention Month** is especially crucial.

Fraud Prevention Month:

Top Tips & Considerations

Common Types of Fraud

- Aside from CERB-fraud, auto and property-related fraud have seen a recent increase in activity
- An increase in telemedicine-related treatment plans and invoices flagged for investigation based on concerns around legitimacy has risen during the pandemic
- Keep an eye out for exorbitant cleaning fees, repair delays, or 'COVID-related holding periods' for vehicles; these are some of the most common types of fraud seen within auto claims
- Communicate the dangers of ghost brokering – when unlicensed people pose as insurance brokers to sell fake policies. It can result in clients being unknowingly left without coverage
- Urban areas are generally more prone to insurance fraud than others, which is presumed to be in correlation with the higher population density.

Consequences of Insurance Fraud

- For those who commit insurance fraud, penalties can range from policy cancellation to fines or jail time, depending on the extremity of the situation
- Other consequences of committing or attempting insurance fraud include claim denial, policy cancellation, and paying higher premiums in the future
- Insurance companies are also impacted, as they experience unnecessary financial loss, which then affects their ability to pay legitimate claims
- Other insureds are also subject to indirect consequences, as they may need to pay higher premiums over time

Fraud Mitigation and Education

- If something doesn't sit right about the information being provided or omitted by prospective policy holders, asking the client more questions is key
- Always keep logic at the forefront of filing a claim. If someone is registering three vehicles to their name with no other driver listed, do some digging and find out if another's omission from the policy would have an impact on the overall policy risk
- A large part of fraud prevention involves being informed on new or emerging types of fraud, and proactively educating clients is one of the best ways for brokers to support fraud mitigation
- Widely-available resources from organizations like the Insurance Bureau of Canada (IBC) can support broker and client education, including [Know Your Tow](#), which informs on towing-related rights and legalities
- Remember that insurers, like RSA, are available for fraud support related to education and identification